



The Wheeler Report

Covering the Wisconsin Legislature since 1972

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STATE TREASURER OFFICE PROVIDING SERVICES AND INSIGHT

Deputy Treasurer Scott Feldt spoke with The Wheeler Report about the Office of the State Treasurer. The following is what he said.

What does the Office of the State Treasurer do?

Our office has many roles.

Despite losing the unclaimed property program to DOR in the most recent budget bill, we still have the statutory duty of promoting it. Since its creation in 1970, we administered that program and did so quite successfully! The past two and a half years, we returned nearly \$90 million and paid more than 60,000 claims. 2011 was Treasurer Schuller's first year in office. We returned a record \$33.9 million trumping any previous State Treasurer's record in Wisconsin. In 2012, we returned a record \$35.9 million to Wisconsin residents and businesses. Additionally, our monthly ebay auctions netted approximately \$100,000 last year alone. Per Statute, we are allowed to sell any safe deposit contents turned over to us after holding it for one year if it holds "commercial value." Proceeds are held in perpetuity for the owners or rightful heirs to claim.

Wisconsin Statutes assign the Office of the State Treasurer the designated recipient of all escheated property. Unlike unclaimed property reported and remitted by banks and other businesses, escheated estates are processed through the court system. In the event a court cannot locate any legal owners or heirs to an estate, it remits that estate to our office. The approximate value of escheated estates managed by the Office of the State Treasurer is upwards of \$6 million. If after ten years, we are unable to locate an owner or rightful heir that money is turned over to the Board of Commissioners of Public Lands (BCPL).

Speaking of BCPL, as a constitutional officer, the Treasurer serves as one of three Commissioners for the Board of Commissioners of Public Lands. In the past ten years, BCPL loaned more than \$1.2 billion to local governments statewide. Those loans support projects for economic development, buildings, equipment, debt refinancing and government infrastructure. The interest earned on those loans is presented annually to DPI to support public school libraries. The Office of the State Treasurer is designate in the constitution to be the recipient of all loan payments and then transfer them to BCPL. The creation of this board 165 years ago by our founding fathers truly set up a win-win for everyone! It's phenomenal.

We have a responsibility to the Wisconsin Insurance Security Fund. The State Treasurer is a sitting member. The role of that fund is when insurance companies begin to become insolvent or in receivership we want to make sure that the account policy holders are still able to receive the benefits from their policy.

The Office of the State Treasurer serves as a member of the Depository Selection Board. That board assists in selecting the entity our state uses for banking. Currently, the state contract is with US Bank. The board convenes whenever discussion arises pertaining to any contract extension of that bank or the suggested selection of a new bank. Representatives from OST, the Department of Revenue, and Department of Administration make up that board.

The State Treasurer is assigned by statute to serve as Treasurer for the UW System Board, or "Board of Regents."

As a statewide constitutional office we can comment and get involved on several issues. Financial literacy is a big one. Just financial issues in general, and other issues that may be of interest to the Treasurer.

How many people use the online unclaimed property search mechanism per year?

Last year, 73,344 people filed unclaimed property claims through our website either electronically, or by requesting the forms be sent to them. In 2012, we were able to verify and pay out more than 29,000 of those claims totaling nearly \$36 million. This does not include the number of Wisconsin citizens who simply searched for their names or those of family and friends. Our community outreach program is outstanding. We assist tens of thousands of

individuals and businesses search at employee and county fairs as well as state fair, sporting events, specially scheduled events and of course we are always happy to assist our legislators with events in their districts. We encourage everyone to search the database at least twice a year. It gets updated daily at 6am. In case your'e wondering, that website is www.statetreasury.wi.gov. There are more than 2.5 million accounts valued at more than \$400 million waiting to be claimed.

How does the unclaimed property process work?

When people think of unclaimed property right away they think of actual land or real estate. We do not deal in real estate. The unclaimed property program receives, processes, holds, and pays out assets. The only physical property we handle is the contents of safe deposit boxes turned over to us annually by banks which do business in the state. We are required to hold the contents for a year and then auction off anything that holds commercial value. We then pay out any unpaid rent and drilling fees to the bank for the box. Any remaining proceeds are held in perpetuity for the rightful owner or heirs to claim. Our poor Communications Director and Manager of Safekeeping discovered some interesting things as they opened those boxes for processing and auction this year. Dental gold still in the tooth enamel was one such example. But, it holds commercial value so we had to sell it. Creative marketing led to the sale of that lot for more than \$1300. It was worth \$1000. I could go on about that. But, the vast majority of unclaimed property consists of bank accounts, uncashed checks, insurance policies, securities, stocks. We have a whole list on our website for your viewing pleasure!

How does the Office of the State Treasurer in Wisconsin compare to the office in other states?

In 45 states the OST handles the cash management for the State. In 44 states they oversee the banking services. In 30+ they do investment of funds and debt service. A number of other states and state treasurers are intimately involved in the financial operations of the state. Years ago, the State of Wisconsin State Treasurer was much the same. As you know, some of those were transferred to other agencies: such as SWIB, Capital Finance, the State Controller's Office going to DOA. More than 25 states house unclaimed property programs in the State Treasurers Office. Treasurers serve a number of boards as we see here such as the Depository Selection Board, the Insurance Security Fund. And more than half the states offer and administer the college savings program.

What do you think most people don't know or understand about your office?

First and foremost, ALOT. I would bet most people are not aware of most of our responsibilities and sadly some may think we do.... Nothing. We'd like to change that perception. We have asked residents statewide, "what should the State Treasurer's Office do?" Most believe we handle their taxes but with certainty are "looking after their money." Interestingly, the State Financial Officers Foundation (SFOF) recently released a poll asking citizens Who provides the best independent voice on financial matters: Governor, State Treasurer, or legislature? State Treasurer was favored at more than 60%, while the legislature and the Governor came in around 20%. I believe the State Treasurer can play an even larger and more significant role in state government on financial matters. The public in general looks to the State Treasurer as an independent voice on financial matters. To me that can be very beneficial to the discussion on financial issues. Whether it is determining how well the State is doing in economic growth, or how well the State is doing in addressing its structural deficit and its budget. Those are the types of things the State Treasurer can weigh in on. If we look at the budget the way it was. This administration has done some great things on addressing them, yet because it comes from the legislature and the governor there is a sense to some in the public it is skewed. I think the State Treasurer and the State Treasurers Office can help to comment on those types of issues and give more credibility, and give credit where credit is due.

Final thoughts?

I believe a State Treasurer should be THE fiscal watchdog for the people of this state. Someone independent of the executive branch or legislature selected by the people to provide "checks and balances." It is discouraging to see example after example in mainstream media of financial mismanagement or programs which were not run efficiently. We can assist in watching over those types of things to assure mistakes are not happening at the level we have seen. We can restore public trust and run a fiscally responsible state! Thanks for asking.